



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by BC Gas Utility Ltd.
for Approval of Rate Changes effective July 1, 2000

BEFORE: P. Ostergaard, Chair)
B.L. Clemenhagen, Commissioner) June 21, 2000
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. The Commission, by Order No. G-135-99, approved for BC Gas Utility Ltd. ("BC Gas") natural gas rates effective January 1, 2000, which included Gas Cost Recovery Charges that were based on the "Low Case" gas cost forecast that assumed Sumas, Washington prices would average US\$2.25/MMBtu for 2000; and
- B. On June 9, 2000, BC Gas applied to the Commission for approval to flow through higher natural gas purchase costs under its approved gas supply portfolio for the Lower Mainland, Inland and Columbia Divisions ("the Application") and to increase the Riders for recovery of the debit balance that has accumulated in its Gas Cost Reconciliation Account ("GCRA"), effective July 1, 2000; and
- C. The Application provided an analysis of BC Gas' projected gas costs for the period July through December 2000 based on assumed Sumas, Washington prices averaging US\$3.78/MMBtu and a currency exchange rate of US\$0.667/Cdn\$; and
- D. The Application indicated approximately a 37 percent increase in typical residential annual bills, and 41 to 54 percent increases for commercial and general service rate classes. The proposed GCRA Riders account for three percentage points of the increase; and
- E. The Commission recognizes that there is uncertainty with respect to forecasts of 2000 gas prices and currency exchange rates; and
- F. The difference between the gas costs which are recovered in rates and the actual cost of gas will accumulate in the GCRA; and

G. The Commission has reviewed the Application and is satisfied that approval of the Gas Cost Recovery Charges, as set out in the Application but adjusted to reflect a currency exchange rate of US\$0.68/Cdn\$, is necessary. The Commission denies the requested increases in GCRA Riders. The new rates will increase the annual bills of residential customers by 33 percent, and will cause corresponding increases to the annual bills of other rate classes.

NOW THEREFORE pursuant to Section 61(4) of the Utilities Commission Act, the Commission orders as follows:

1. The Commission approves the Gas Cost Recovery Factors, as set out in the Application but adjusted to reflect a currency exchange rate of US\$0.68/Cdn\$, effective July 1, 2000, and directs BC Gas to refile Gas Cost Recovery Charges that have been calculated on this basis.
2. The Commission denies BC Gas' request to increase the GCRA Riders effective July 1, 2000.
3. BC Gas, by way of a Customer Notice, is to provide all affected customers with an explanation of the rate changes. BC Gas is directed to review its communication plan, advertisement plan, advertisements and bill inserts related to the rate increase with Commission staff prior to release.
4. The Commission will accept, subject to timely filing, amended Gas Tariff Rate Schedules in accordance with the terms of this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of June 2000.

BY ORDER

Original signed by:

Peter Ostergaard
Chair